



STATE OF MICHIGAN
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Memo

To: **Jim Nye, Director, Acting Deputy Director
For Service Delivery**

Date: **December 26, 2002**

From: **Rita Barker, Director
Office of Internal Audit**

Subject: **Audit of Local Office Exception Payments
September 1 through June 30, 2002
Audit #2002-030**

The Office of Internal Audit performed an audit of Local Office Exception fund payments for the period September 1 through June 30, 2002. We selected a sample of 214 payments at 10 local and district offices for review. Nine of the cases had been transferred to another district, and we eliminated them from our sample. For the remaining 205 payments, we reviewed the casefiles and documentation in the accounting office to determine if a properly completed Authorization/Invoice (FIA-849) and Local Office Exception form, and bill, invoice, or shut-off notice from the utility company were on file, and if the file contained evidence that the worker verified that use of the exception funds was appropriate, and that the payment would resolve the emergency. We found 31 (15.1%) cases with exceptions, which are summarized below.

We found the following:

1. Two cases could not be located.
2. In one case the worker should have denied the SER because the client had excessive income.
3. In four cases there was no bill or invoice on file in the case record or in the fiscal office
4. In two cases the worker did not request a repay agreement for clients' reconnect fees or security deposits.
5. In three cases the bill in the case was less than the amount of the SER payment.
6. In nine cases the Local Office Exception form was not on file in the case or in the fiscal office.
7. In four cases the worker used the exception code for a furnace replacement instead of the regular SER code.
8. In two cases the worker did not consider the household income in the SER determination.

9. In one case, the local/district office paid a higher amount than what the Local Office Exception was approved for.
10. In one case the amount of the co-payment that the worker calculated was not considered when the exception payment was made.
11. In one case the local office and the client both paid the vendor for the client's co-pay amount.
12. One case did not have the SER packet in the case file. However, the fiscal office had the FIA-849 and utility bill.

We found that the required forms and documentation were in the casefiles or on file in the Accounting office for the remaining 174 payments.

All of the above findings have been shared with the appropriate local/district office management, along with our recommendations for corrective action. This summary is provided for your information.

Please contact me if you have any questions concerning this audit.

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